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FINANCIAL RETRENCHMENT AND GOVERNMENTAL REORGANIZATION¹

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Mr. Brown's paper² is very helpful in giving us the exact statistics of the cost of wars and in tracing the very heavy financial burdens we now labor under because of this last war. It is a most admirable argument against war. But that is not exactly the object of this discussion. The paper, while most useful, should not lead us to minimize the necessity for budget reform and reorganization. It presents these enormous figures which have come from the war and then leaves us with the natural question, "Well, if we have got so much to pay, what is the use of fussing over the little which we may be able to accomplish in the way of reform and economy, by reason of a Budget?"

It is a little like the story of the old negro in the slavery days, who was moved by religion. He asked his master how many he thought would be saved: Would half be saved? "Oh, no," the master said, "you know these people around here. Half won't be saved." Then he asked whether one-quarter would be saved. "No." So he suggested an eighth and a sixteenth and still the master was obdurate. Finally he got down to one-thirty-second. The master said that he had been looking around and could find nobody in that neighborhood except his own family who ought to be or would be saved. With this the old darkey looked at him and said, "Massa, if there isn't one-thirty-second saved, there is no use putterin' about it."

Now, I deprecate that attitude. The truth is that if we had had a budget system years ago, when we ought to have had it, we would not have spent near so much as we have spent in this war, even though we had to have a war. It is an effective method of following and limiting expenditure, whether large or small, that a budget system seeks to secure.

Then there is my friend, Mr. Cleveland, with his interesting

¹ This is the revised stenographic report of Mr. Taft's address in opening the discussion of the papers and addresses of Messrs. McBain (see p. 1), Brown (p. 6), Pratt (p. 17) and Cleveland (p. 31). For Mr. Cleveland's reply to Mr. Taft see p. 75.

² See p. 6.

paper.¹ I value Mr. Cleveland. He was our anchor in our effort eight or ten years ago to introduce a budget system, but Mr. Cleveland to be practical and useful, must be kept off constitutional general government theories. This is not because he may not be right, not because the parliamentary system, by which he seeks to unite the executive and the legislative powers in one head, might have been better; but it is enough to say that we must deal with the government we have. It is too large a contract to make that over in a congressional session.

We are trying to improve a system here for economy and reform and effectiveness that is to work with an independent legislative power and an independent executive power. I agree with him fully that we ought to have the heads of departments, as well as the President, on the floor of both Houses of Congress. The President can go there now. Mr. Wilson introduced that which had been stopped by Thomas Jefferson, the method of going personally to Congress; but of course he could hardly go there and engage in the debates, but heads of departments might well do so. They might usefully go there and defend the plans that are developed by the executive under the budget system, or without regard to the budget system. That has been proposed. It was proposed in 1862, was proposed again as late as 1881, was supported by the leading statesmen of those days, and it was recommended in my administration in Presidential messages. Congress has never taken it up, but I think it would greatly help, and in that respect I stand by what Mr. Cleveland advocates.

However, when we attempt to induce Congress to get rid of its committees, and when we propose to invest the whole initiative—for that is what his proposition comes to—as to legislation in the executive leadership, then no matter what the merits of his discussion, he is up against something that will keep him there forever.

Now, with respect to Mr. Pratt's paper, I think it was admirably framed and that the suggestions as to reforming of the departments were very conservatively delineated. Mr. Pratt and I differ in one respect about that budget bill. He wishes to put the new bureau, that is to operate for the preparation of the budget, for the trimming of the estimates of the departments, for the restraint of the enthusiasm of the chiefs of bureaus and others, under the direction of the Secretary of the Treasury. I don't agree with him in that regard. I think the President should exercise this power and that the Bureau should be under his direction and report directly to him. I know something about what I venture to think he does not know about, and that is this: Even if he finds, as he says, all the heads of de-

¹ See p. 31.

² See p. 17.

partments and bureaus anxious to cooperate in retrenchment and reduction of duplications, he will find that the anxiety of each has tremendous impetus until it comes to cutting off something of his own. The inertia and the obstruction that a man can offer, in complete sincerity, to the abolition of a particular fund under his jurisdiction, no one can realize until he has had to meet it. In order to overcome that opposition you need the man in Washington who has the greatest authority. That is the President. In spite of the fact that Mr. Cleveland does not think the President has power enough, he has more power in Washington than anyone else, especially over executive subordinates, and it will all be needed to restrain the officials whose expenses are to be cut down.

In the first year or two of any administration the heads of departments are new to the business. I do not care how strong they may be, they are new to the business. That is inseparable from our system. Necessarily they are dependent on the men who have been there permanently. Unfortunately, to find such permanent public servants you have to go, not to the assistant secretaries, but still farther down, not to the chiefs of bureaus, but you have to go down to the heads of divisions, the chief clerks. Those gentlemen have been there, defending the interests of the government and the interests of their particular offices and bureaus, some of them, for thirty and forty years. Most valuable public servants they are in their spirit, but, on the other hand, valuable as they are, they have acquired that clinging persistency that we usually ascribe to barnacles. I don't wish in the slightest degree to deprecate their patriotic and useful character, because when one goes to Washington and becomes intimate with the Washington community, he finds a lot of valuable, very hard-working, very poorly-paid public servants who have been content to render service to the government for life at an inadequate compensation, and have become so much interested that they are the government personified in a way. These men become so enamoured of the function they are performing, so enamoured of the importance of the particular office or bureau in which they are, that their reactionary tendencies against any change is something that it is very hard to overcome. The influence they can exercise over the newcomers, the chiefs of bureaus and heads of departments, make this work of radical reform within the executive departments a difficult matter.

When it comes to cutting down the appropriations, it must be done with an axe. I mean the sharp edge of the axe. I can only tell you of my own experience. I went in one year and just took an axe and cut out fifty millions of dollars of the appropriations estimated by the bureaus. I had not any authority given by Congress.

I did it by main strength ; I ordered heads of departments to make reductions. Congress did not like the intervention of the executive, and therefore Congress had provided a system by which the heads of departments merely furnished such estimates as they approved to the Secretary of the Treasury. He was then, and is now, nothing but a conduit from departments to Congress in the matter of estimates. Of course, every chief of bureau who thought his own function was important, each year asked for what he thought he ought to have. Congress, acting on the theory that he had asked more than he needed and ought to have, cut everything down on general principles. This only led him to estimate for more than he needed, so that when Congress came to cut it down, it would be somewhere near what he really thought he needed. It was thus just a circle.

I went at it with the enthusiasm of ignorance and with as much determination as I could command, and cut the estimates fifty millions as well as I could ; but I had to meet the humiliation of having made cuts where they ought not to have been made, just because I did not have the information. So it increased the deficiency appropriations that had to be made.

The President, who is the man that is responsible for the executive departments, ought to have the independent means of finding out through a body of experts whether or not a department is asking more than it ought to have. When you put that power in the hands of the Secretary of the Treasury, you are putting it in the hands of one of the ten men who are under examination. Good and great a man as he ought to be, he is nevertheless going to find it most difficult to deal with the other heads of departments. They will say, " Well, you are cutting down my appropriations. But how about your own Treasury Department? That is the most wasteful and expensive in the lot." Thus the matter will come back to the President. Why should he not have the independent means for judgment in advance? I hope that the Congress will reach a conclusion that shall give the President the right to use the Budget Bureau as his instrument in the first instance.

When we went to work in 1910 Mr. Cleveland reported that there were seven departments providing facility for transportation, four departments and three commissions dealing with the relations of commerce, and so on for numerous duplications. Then there are a lot of independent bureaus, commissions and offices. Now, most of them ought to be put under departments. There is no reason why they should not have somebody over them that shall be responsible for them, though perhaps the Interstate Commerce Commission as a quasi-judicial body ought to be independent in so far as rate fixing is concerned.

I agree with Mr. Cleveland that the executive ought to have more power in the matter of discretionary organization of the subordinate agencies in the departments. He ought to be able, as the committee has recommended, to look into a department and say whether it is wise to unite two of those subordinate agencies in that department without going to Congress each time.

Then another thing that Mr. Cleveland's commission recommended, and that would greatly work both for economy and for civil service reform, is lump sum appropriations for the payment of clerks. In my time Congress never gave a lump sum appropriation to a department for clerks. It provided that there should be so many clerks of one class, so many clerks of another class, so many of another class, and would appropriate the money with the salaries for these classes, the clerks being classified by salaries.

The head of a bureau ought to have discretion to say how many clerks of one class, and how many clerks of another class he shall employ out of a lump sum. It is something that Congress can't have a detailed knowledge of, and it should not insist upon using its discretion regarding it.

Let's not aim too high. Congress has been opposed to a budget system in the past. It put a clause in an appropriation act forbidding me as President to submit a budget in a form approved by Mr. Cleveland and the Efficiency and Economy Commission, on the ground that it would take up too much time of the clerks to prepare it. I told them I did not regard that as a Constitutional restriction upon my executive power. I went ahead and directed the Commission to prepare that budget, which was prepared and was sent in to be acted on, and it has been resting in the halls of Congress gathering dust ever since. It was a thoroughly prepared budget for the purpose of illustrating to Congress what ought to be submitted each year. Congress took away for the next year the appropriation for the Economy and Efficiency Commission, so that we had to give it up. I am delighted to see now that after we have gotten up to a debt of twenty-four billions, and gone from one billion to five billions of annual expenditure, that Congress has changed its mind and we are going to have a budget.

I want to give one or two instances showing the need of reform in our method of exhibiting our governmental needs and expenditures. When the Economy and Efficiency Commission began it could not find out from any book or report what kind of government we had. They had to spend from six to nine months in getting up a statement of who were the officers of the government and what their functions were, and what the bureaus and all the other agencies in the government were, and how much they were paid. It took a very

extended report to show that, and Congress never printed it. I should think that such a report would be necessary when the new Budget Bureau comes in. They should find out what this government is. Of course it has been enormously expanded through the exigencies of the war, but our report might be made the basis.

Take the matter of traveling expenses as an instance of waste. It cost the government in my time twelve million dollars annually to pay the expenses of those who traveled for it, and there was no special arrangement with any of the railroads. Every man had a first-class passage, and every man got a Pullman ticket. There was nothing issued through which any control could be exercised over that. The Commission recommended that something should be done in that regard that the whole thing be managed by one agency. But do you suppose a private establishment would allow that sort of thing to go on blindly in that way? An agency to deal with all government transportation could secure Congressional authority to take it out of the Interstate Commerce Commission law, and could make arrangements with the railroads by which there should be a reduction in prices and rates due to the enormous patronage the government employes would give to the railroads.

Let me show by one illustration how important it is that there should be some executive head that knows what is being done in each department as compared with every other department in the matter of cost in the service. Now, Mr. Cleveland's Commission found the cost of receiving, opening, briefing, recording, indexing and distributing mail in each of eight departments was as follows: In the first one the cost was \$5.84 a thousand; second, \$5.96; third, \$11.83; fourth, \$13.17; fifth, \$16.12; sixth, \$44.28; seventh, \$49.95, and eighth, \$81.40, i. e. in the War Department. The outgoing mail showed a similar result. Now, suppose the President were to see that, with his Bureau at hand he would at once seek to find out the reason for such a wide difference for the cost of the same thing.

The Commission did inquire. They looked into the Adjutant-General's office in the War Department that had control of the pension records, and found that this \$81.40 was due to the fact that the head of that Bureau was in close touch with Congress. The members were anxious to introduce pension bills, and find out promptly what the record was of each constituent that might apply; so the Adjutant-General introduced a system so effective that he could reply by the next morning's mail, after he had received the name of the person whose record was in question, to the Congressman. With this result, he did not have to appear before a committee to ask for appropriations to make that possible. They were given only on his suggestion. The whole government was paying to enable Congress-

men to know at once the basis upon which they might introduce private pension bills. Of course, it is important that that record should be gotten at promptly, but not that we should pay twelve or fourteen times as much as we do for the same service performed with respect to the other fields of activity that the government has.

Under a proper budget system and with a proper bureau the President may keep tab on every department, and by comparison judge which needs jacking up and call the attention of the head of that department to a lack of efficiency or economy that may exist, and say, "Won't you look into this and see if it can't be improved?" It is comparison and emulation that helps.

I agree that by a Budget we may not save as much money as will be wasted in the trial of new explosives, or in making effective naval armament and that sort of thing. But the truth to tell, I am not so much troubled about these Navy and Army expenses. I think that the power of public opinion that Mr. Cleveland speaks of is going to operate to reduce them.

In spite of my suggestions as to the somewhat ideal character of some of Mr. Cleveland's propositions, I second most earnestly his proposal that the cabinet officers should be permitted to go on the floor. What is going to be the effect of it? It is going to inform Congress, and Congress needs information. You can't be in Washington at all and have any experience, and not realize that Congress, by the presence of a cabinet officer on the floor, can be advised by answer to a single question as to something which otherwise will involve delay, confusion and useless discussion without light.

The proper initiation of these plans for retrenchment and economy requires that the cabinet officer who is responsible for the department and the estimate put in, should be there to defend his estimates. To do so before a committee is by no means so effective or persuasive. If such a privilege is given to a delegate from Alaska, why should not a cabinet officer be given the same right to answer questions and make speeches and have the privileges of the floor? Then it will bring the two branches of the government together into more harmonious cooperation and still conform to the Constitution, which makes them independent the one of the other.